

FSBM HOLDINGS BERHAD (“FSBM” OR THE “COMPANY”)

APPLICATION DEVELOPMENT AGREEMENTS ENTERED INTO BY FSBM I-DESIGN SDN BHD, A WHOLLY-OWNED SUBSIDIARY OF THE COMPANY

1. INTRODUCTION

The Board of Directors of the Company wishes to announce that FSBM I-Design Sdn Bhd (“**FSBMID**” or the “**Developer**”), a wholly-owned subsidiary of the Company had on 13 October 2021, entered into the following agreements:-

- (i) application development agreement with MovingUp Mobile Sdn Bhd (“**Hirer 1**”) (“**A&D Agreement 1**”); and
- (ii) application development agreement with Herbs Cell Nutrition Sdn Bhd (“**Hirer 2**”) (“**A&D Agreement 2**”);

to act as the independent contractor for Hirer 1 and Hirer 2 for the purpose of designing and developing an application solution which consist of a web and mobile platform for Hirer 1 with front end system (Mobile and Web Application) and back end systems (Administration Portal) based on the objectives and scope of work set out in respective agreements (“**Services**”).

The Developer, Hirer 1 and Hirer 2 are collectively referred to as the “**Parties**” and “**Party**” refers to any one (1) of them, as the context may require.

A&D Agreement 1 and A&D Agreement 2 are collectively referred to as the “**A&D Agreements**” and “**A&D Agreement**” refers to any one (1) of them, as the context may require.

2. DETAILS OF THE PARTIES

2.1 FSBMID

FSBMID is a company incorporated under the laws of Malaysia with address at 603, Block A, Phileo Damansara 1, No. 9, Jalan 16/11, Off Jalan Damansara, 46350 Petaling Jaya, Selangor, Malaysia.

FSBMID is a wholly-owned subsidiary of FSBM and is principally involved in providing enterprise wide ICT and systems integration services.

2.2 MovingUp Mobile Sdn Bhd

MovingUp Mobile Sdn Bhd is a public limited company incorporated under the laws of Malaysia with address at 1D, Jalan BS 7/22, Taman Bukit Serdang, 43300 Seri Kembangan, Selangor, Malaysia.

It is principally involved in the business of producing and selling frozen food and halal dim sum.

2.3 Herbs Cell Nutrition Sdn Bhd

Herbs Cell Nutrition Sdn Bhd is a company incorporated under the laws of Malaysia with address at 1-38 Tkt.1, Plaza Serdang Raya, Jalan Serdang Raya 43300 Seri Kembangan, Selangor, Malaysia.

It is principally involved in distribution of health supplement under the brand name of Diverxin.

3. SALIENT TERMS OF THE A&D AGREEMENTS

3.1 A&D Agreement 1

The services to be performed under the A&D Agreement 1 are as follows:-

- (i) To develop the application which consist of a web and mobile platform for Hirer 1 with front end system (Mobile and Web Application) and back end systems (Administration Portal) based on the following objectives and scope of work:-
- (ii) To provide technical support and maintenance in respect of the application based on the specifications set out in the A&D Agreement 1.
- (iii) The fee payable to the Developer by Hirer 1 for the services rendered under the A&D Agreement 1 shall be RM5,000,000.00, payable in accordance with the fee structure set out in the A&D Agreement 1;
- (iv) The services rendered by the Developer to Hirer 1 is expected to be completed within 18 months from the date of the A&D Agreement 1 in accordance with the scheduled phases of completion as set out in the A&D Agreement 1.
- (v) Hirer 1 shall also pay to the Developer a fee of RM534,800.00 for the provision of technical support and maintenance, which is renewable yearly.

3.2 A&D Agreement 2

The services to be performed under the A&D Agreement 2 are as follows:-

- (i) To develop the application which consist of a web and mobile platform for Hirer 2 with front end system (Mobile and Web Application) and back end systems (Administration Portal) based on the following objectives and scope of work:-
- (ii) To provide technical support and maintenance in respect of the application based on the specifications set out in the A&D Agreement 2.
- (iii) The fee payable to the Developer by Hirer 2 for the services rendered under the A&D Agreement 2 shall be RM2,000,000.00, payable in accordance with the fee structure set out in the A&D Agreement 2;
- (iv) The services rendered by the Developer to Hirer 2 is expected to be completed within 12 months from the date of the A&D Agreement 2 in accordance with the scheduled phases of completion as set out in the A&D Agreement 2.
- (v) Hirer 2 shall also pay to the Developer a fee of RM534,800.00 for the provision of technical support and maintenance, which is renewable yearly.

3.3 Term

The A&D Agreements shall become effective on 13 October 2021, being the date of the agreements and, unless otherwise terminated in accordance with the provisions in the A&D Agreements, will continue until the Services have been satisfactorily completed and the Developer has been paid in full for such Services.

4. RATIONALE

The A&D Agreements will allow FSBM and its subsidiaries (“**Group**”) to have a source of income during the term of the respective A&D Agreements and to provide services within the ordinary course of business of the Group. The A&D Agreements are expected to contribute positively to the earnings of the Group.

5. RISK FACTORS

The Company does not expect any material risk arising from the A&D Agreements other than the normal business and operational risks, which FSBMID would take appropriate measures to minimise it.

6. FINANCIAL EFFECTS OF THE A&D AGREEMENTS

These A&D Agreements will not have any effect to the issued share capital and substantial shareholders’ shareholdings of the Company.

These A&D Agreements will not have any material effect on the net assets per share and gearing of the Company for the financial year ending 31 December 2021.

These A&D Agreements are expected to contribute positively to the earnings per share of the Company for the financial year ending 31 December 2021.

7. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

None of the Directors and/or major shareholders of the Company and/or persons connected with them have any interests, direct or indirect, in the A&D Agreements.

8. STATEMENT BY BOARD OF DIRECTORS

The Board of Directors of the Company, having reviewed and considered the terms and conditions of the A&D Agreements, is of the opinion that the A&D Agreements are in the best interest of the Company and the terms and conditions of the A&D Agreements are fair, reasonable and on terms that are not detrimental to the interest of the minority shareholders of the Company.

9. APPROVALS REQUIRED

The A&D Agreements are not subject to the approval of shareholders and any other relevant authorities and is not conditional upon any other corporate proposals undertaken or to be undertaken by the Company.

This Announcement is dated 13 October 2021.